

SPRINGERVILLE TOWN COUNCIL  
Budget Workshop Minutes  
June 22, 2005

Present: Mayor Kay Dyson, Mary Nedrow, Mark Baca, Scott Cray and Pete Hunt

Staff: Scott Garms Town Manager, Steve West, Larisa Bogardus, Thomas Malone, James Hamblin, Sharon Pinckard, Max Sadler.

Public: Marnie Uhl Chamber Director, Rachel Kuenstler.

1. Mayor Dyson called the meeting to order at 6:01pm.

2. FY 2005-2006 Budget Discussion:

Mayor Dyson invited Mr. Garms to give a short summary before beginning a page-by-page review of the budget. Mr. Garms explained that a more recent version of the budget was provided to council members tonight to replace the document in their packets. The new budget reflects a \$50,000 surplus and is balanced, therefore council will not have to seek new revenue or make cuts, just decide how the money is to be used. The budget also includes a 2.5 percent COLA (cost of living adjustment) as determined by the federal government, which will cover increases in employee contributions to state retirement, and up to 2 percent in merit increases. A separate building and planning and zoning department has been added, with a full-time position for Ms. Bogardus and the part-time building inspector. A major function of this department in the coming year will be the revision of the town's master plan, one of council's 3-to-5-year goals. Part of the surplus is \$20,000 in the HURF (Highway User Redemption Fund) account, which must be used for HURF projects. Initially, the budget included a new full-time clerical position to be shared between police and administration, but that was reduced to part-time for the police department only in order to keep expenses down.

Councilman Cray suggested using the recently established 3-to-5-year goals as a guideline while reviewing the budget to determine whether it reflects those goals.

Mayor Dyson asked what specifically was being done toward the master plan besides making Ms. Bogardus's position full-time. Mr. Garms said the master plan grant and match are budgeted. Ms. Bogardus is essentially working full time now although she is paid part time. Not only would she be working on the master plan, but also a possible annexation, as well as most of the grant management.

Councilman Cray also asked about making the airport a revenue generator. Mayor Dyson said that is being accomplished through improvements to accommodate outside firefighting contractors. Most of that is funded by grants and requires only staff time for administration, Mr. Garms added.

Councilman Cray expressed concern about the 5 percent match for FAA (Federal Aviation Administration) funds. Half of that (2.5 percent) comes from the state and the balance can be achieved through in-kind contributions, Mr. Hamblin explained, adding that most projects are eligible for a 4 percent administrative planning fee, which can be charged back to the grant and offset the town's expenses.

Not all goals are budgetary items, Mr. Garms added, many are a matter of directing staff efforts.

Councilman Cray expressed concern that if goals are not budgeted they are not accomplished, noting that the town could miss grant opportunities if matches are not budgeted for. Mayor Dyson expressed confidence that the goals would be achieved and that the town was already receiving a number of grants.

Mr. Garms suggested looking at each departmental budget and considering how it relates to council's goals.

Mayor Dyson wanted it clear that \$29,000 is budgeted as a 2.5 percent COLA across the board, plus up to 2 percent for merit increases. Last year merit increases of up to 4 percent were budgeted and most employees received the maximum. Mr. Garms stressed that merit increases will be based on performance.

Only \$37,000 is budgeted to match \$1.2 million in grants, Mr. Garms said.

Councilman Cray said his numbers didn't match. Mr. Garms explained that even the new budget provided tonight was not the most current, because new data is constantly coming in. He reminded council that \$20,000 of the \$50,000 contingency must be for HURF projects. Although the senior center shows as a \$48,000 expense, it is deceptive, because that is merely the cost to the city of operating the department, which gets most of its funding from grants. Mr. Hamblin said that figure is likely to be less because additional funding should be coming from the Town of Eagar. Mayor Dyson asked if grant cuts would hurt the agency. Mrs. Pinckard said her budget is \$370,000 and the town's cost is \$48,000. Some grants were

cut, but others were increased to offset the loss. \$48,000 represents the actual transfer into the department. Mr. Garms noted that services and staff were not being cut unless funding cuts were made by other entities later.

The water fund has a \$44,000 surplus due to last year's rate increases, but the sewer fund is in the red \$121,000, which represents the bond payments that will end in 2008. The town needs to look at increasing sewer revenues to cover increasing maintenance expenses.

Again, the bottom line of the budget is a \$51,000 surplus, \$20,000 of which must be HURF, giving council \$30,000 to allocate at will – either for services, roads, savings or some other area.

Sales tax revenue is based on Arizona Department of Revenue estimates. Other revenues are based on historical data.

Councilman Cray questioned the miscellaneous revenue category. Mr. Hamblin said that based on history and includes revenue from public records purchases and other sources. Councilman Cray also questioned the \$75,000 donation expected for the old school renovation. Mr. Hamblin said that is what has been promised, but he has not seen the money. Vice Mayor Nedrow asked when it would be. No money will be spent unless it is received, Mr. Garms said. Mayor Dyson said nothing was in writing regarding the school renovations or its future use. Mr. Garms said memorandums of understanding had been submitted to the Save Our School committee, White Mountain Historical Society and Springerville-Eagar Regional Chamber of Commerce, but have not come back yet. Councilman Cray said he would like to set a date at which time work on the school stops unless the money is forthcoming. Mayor Dyson explained that the town will still renovate the back of the building for offices and it is up to SOS to obtain funding for the front, historic part of the building. CDBG and SHPO monies for infrastructure improvements are being applied to the entire structure.

Most grant revenue is coming from FAA and Homeland Security, Mr. Garms noted. The only equipment purchases budgeted so far are grant acquisitions. All other equipment purchases will be made from the contingency fund.

Mayor Dyson asked about the Arizona State Parks grant for playground equipment. Mr. Hamblin said it is a dollar-for-dollar match, but the town must send a representative to a workshop in Kansas City to be eligible. The town is receiving SHPO and HUD monies for the school building renovation and that is moving forward, Mr. Garms said. Mr. Cray asked for a status report and Mr. Malone estimated the current SHPO grant is about 64 percent complete, without the roof replacement having been done yet. The town will be eligible for a second SHPO grant after 75 percent of this project is completed, Mr. Garms said, and the next grant cycle is not until December, at which time the current project should be finished.

It was decided to begin a department-by-department review of the proposed budget:

#### Mayor and Council

Mayor Dyson noted that stipends for five council members were budgeted, if anyone intends to forego compensation, they should notify Mr. Garms or Mr. Hamblin.

The two major items are contractual services and legal. Contractual services includes the Springerville-Eagar Regional Chamber of Commerce, requesting \$54,000, and Economic Development for Apache County (EDAC), \$5,000. Legal includes the prosecutor and town attorney.

Mayor Dyson proposed discussing the chamber first because representatives were present. The request includes a \$15,000 increase.

Ms. Uhl noted that costs are going up and the chamber wants to expand services, including community promotion, visitor services and outreach for the Casa Malpais Museum.

Currently the chamber employs one full-time person, Ms. Uhl, to research and write grants and represent the community in the tourism industry in addition to her duties as chamber director. It is possible to get a \$10,000 grant to remodel the museum, but that will require an investment of time to write.

The chamber is doing more fundraising and increasing its dues, but wants to hire a part-time person to help with clerical work, answer the telephone and visitor center duties.

Mr. Cray questioned the increase. Ms. Uhl said it would be used for visitor center operations and management in the form of the new employee.

Mrs. Kuentler, chamber treasurer, said the request is based on projections and includes 4 percent for inflation. Some contingencies couldn't be factored, like insurance premiums, because the policy won't renew for six more months. After personnel costs, the chamber's biggest expenses are a new copier and printer. Originally, the budget was \$84,000, but the chamber board realized that was extreme. It is hoped that gift shop revenues will be increased by \$2,000 and the board has committed to raising \$6,000, in addition to the 5 percent dues increase. Membership has increased from 175 to 275 in three years, creating

additional demands on Ms. Uhl's time to serve them all. Members are also asking for more workshops, the chamber is writing more grants and the chamber is more actively involved in the community (i.e. tourism tax committee and workforce development board)

The board feels Ms. Uhl should be promoted to chief executive officer and perform more executive functions, rather than writing letters and stuffing envelopes. To accomplish this, it is proposed to pass more bookkeeping and purchasing responsibilities onto museum/visitor center manager Barbara Gerres and hire a second, part-time employee for the clerical duties. Ms. Uhl will then be able to focus on community events, workshops, promotional projects, promotional writings and grant writings. The visitor center, which is operated by the chamber, is the most-visited center in the White Mountains. It is important that it continue to operate seven days a week. Currently, Mrs. Gerres works Friday-Tuesday, leaving Ms. Uhl to manage the center on Wednesdays and Thursdays, which hinders her ability to perform her chamber duties. The funding request includes raises for Ms. Uhl and Mrs. Gerres, but no COLA or merit increases.

Councilman Hunt asked how the increase in membership created more demands on Ms. Uhl's time. Ms. Uhl explained different members want different services. Chamber services include newsletters, programs, coupon promotions, tourism promotions, orientations, e-news, website listings, mixers and other services. Ms. Uhl also represents the chamber and community on regional and state boards relating to tourism. Many services overlap because promoting the visitor center and museum also promotes tourism. Visitors to the center stay to see the museum and tour the site, then patronize local businesses by having a meal or two, and (it is hoped) shopping and/or stay the night. The chamber also provides relocation and visitor information on request. An enormous demand on services is requests for telephone numbers.

Vice Mayor Nedrow asked if it was possible to put some frequently-requested information on an answering machine. Ms. Uhl said too many other calls would be missed and it is impossible to answer all potential questions in a recording. The chamber is getting a new (donated) telephone system that will include voice mail.

Mayor Dyson said she didn't doubt the chamber, director and board are among the best in the state, but questioned whether it is the town's place to fund additional staff when a full-time zoning administrator and clerical help are needed at town hall. She said she was disappointed by the request for more this year because she felt the town was very generous last year. Mr. Garms noted that some of the council's goals are addressed by the chamber, but that he was not recommending for or against the increase.

Mr. Cray asked if Ms. Uhl was torn between the chamber and visitor center. Ms. Uhl said many chambers operate visitor centers, but the museum is an added burden. When Mrs. Gerres is off and guides are giving tours, Ms. Uhl must handle all calls, visitors and gift shop sales. Providing these services is keeping visitors in town and generating sales tax revenue for the town. The part-time employee would fulfill these duties.

Mrs. Pinckard said there are senior (citizen) employment programs that might be able to provide a part-time employee. Councilman Baca suggested perhaps student volunteers could be utilized. Mrs. Kuenstler said volunteers have not proven reliable in the past, although older volunteers are better.

Vice Mayor Nedrow suggested separating the museum from the chamber and visitor center. That would compound the problems because the town would still have to staff the museum seven days a week, Ms. Uhl said, and the visitor center should be open on Saturdays at the very least.

Mrs. Kuenstler said cutting the museum to five days a week was considered, but too many visitors would be lost. Although weekends are the most popular, there are a fair number of tours during the week as well. If the museum is closed, visitors will go somewhere else.

Councilman Cray said he felt the chamber and Casa should be more cost-effective. Millions of dollars would have to come in to make the operations break even on sales tax revenue. He suggested privatizing the Casa. Mayor Dyson said that might not be possible because the site is a National Historic Landmark.

She went on to say a decision did not have to be reached, a tentative budget is not required until mid-July. She suggested the chamber explore senior workers, workforce staff and other alternatives before a decision is made. Councilman Cray observed that it would take \$3 million in sales to cover the Casa in sales tax revenue.

Councilman Hunt asked why Eagar is only being asked for \$20,000. Mrs. Kuenstler noted that Eagar gives much more to EDAC. Ms. Uhl added that most businesses are in Springerville and most of the tourism takes place in Springerville because of the Casa and U.S. 60 corridor, making Springerville the primary beneficiary of the chamber and visitor center. Springerville also has double the chamber membership.

In other Mayor and Council budgetary matters, Mr. Garms said the public relations line item was reduced by \$9,500 because he could find no justification for it. Mrs. Pinckard said part of that was previously used to fund an employee Christmas party. No party or bonuses were budgeted this year. Another portion of the

money was given to fireworks on the Fourth of July and New Year's Eve, Mr. Hamblin said, but that has not been done in recent years. The fund also served as a pass-through for donations to the fireworks, Mr. Garms said.

Mayor Dyson suggested perhaps budgeting bonuses instead of the 2 percent merit increases, which would cost \$14,000. Vice Mayor Nedrow recommended allowing employees to choose between a party or bonuses. Mr. Garms said he would report back on the results.

Vice Mayor Nedrow also questioned the \$2,000 earmarked for donations. Mr. Garms said it was reduced last year from \$5,000 in 2003-2004. Mr. Hamblin said he put it in at the same level in case council wanted to make donations. Last year council discussed eliminating donations, but had already made some commitments and wanted to honor those. There are no outstanding obligations this year.

Mr. Garms said any donations should be non-tourism related because there is now a separate tourism tax. Mr. Hamblin said tourism tax revenues are actually lower because too many lodgers are staying more than 30 days and are exempt. A year from now (when construction at TEP is finished) those long-term guests will be gone and the tax should generate more money, Mayor Dyson said. Ms. Uhl noted that in the meantime little or no money is available for tourism activities.

Councilman Cray proposed leaving the \$2,000 as a slush fund. Mr. Garms said the money could be given to Scouts, Little League or other programs.

Vice Mayor Nedrow asked about the dues, subscriptions and memberships line item and also the uniform allowance, because she paid for her own town shirts. Mr. Hamblin said the first line item is mostly dues paid to NACOG (Northern Arizona Council of Governments), Arizona League of Cities and Towns and other entities.

The uniform allowance is available to council members for shirts if they wish, Mr. Garms said.

#### Magistrate

Mr. Hunt asked if there was some way to reduce these costs. Mr. Garms said he could research setting up a municipal magistrate. Start-up costs might be higher, but could be less in the long-term. One option might be partnering with Eagar to share the costs. At a minimum, it would require a full-time clerk, part-time magistrate and facility.

#### Administration

The Planning and Zoning and Finance departments are being separated from administration, leaving just the clerk and manager, Mr. Garms said.

Councilman Cray asked about reducing contractual services. Most of that was for the master plan and was never spent, Mr. Hamblin said. It also includes cleaning services and Blue Hills.

Vice Mayor Nedrow asked about the reduction in postage expense. That is because of the separation of departments, Mr. Garms explained.

Mayor Dyson asked about the digital recording system under capital expenses. Mr. Garms reiterated that this and all other equipment purchases are contingency items.

#### Building, Planning and Zoning

This is a new department that includes Ms. Bogardus in a full-time capacity and a part-time building inspector. Mr. Garms said this has been an underutilized department and that he has found many things for Ms. Bogardus to do, including grants, the town webpage, emergency planning and other duties. Currently, Ms. Bogardus is paid for 32 hours a week but she is frequently in the office 40 hours anyway and has accomplished a great deal. A primary responsibility in the coming year will be revising the master plan as directed by council. She is also needed full-time to assist customers who come in throughout the day, not just part of the time.

Councilman Baca questioned the \$1,200 for dues, subscriptions and memberships. Ms. Bogardus explained that represents several different areas, including economic development and planning (and P&Z commission memberships). Mr. Malone added it also covers building code updates.

Mr. Hunt asked if the town had looked at contracting with Apache County for building inspections. Mr. Garms said he could research it. Mayor Dyson noted that county inspectors are not always available. Councilman Cray said Eagar recently began requiring that inspections be scheduled at least 24 hours in advance. Mr. Garms said he would explore the matter.

#### Finance

This department consists of Mr. Hamblin as finance director, the accounts payable clerk and half of the water clerk, who performs some finance duties. Mayor Dyson praised Mr. Hamblin's resourcefulness in reducing the town's audit expense. Mr. Hamblin explained that he persuaded several communities to use the same audit firm for a group rate.

#### Police

Councilman Cray questioned the reduction in employee benefits. Mr. Hamblin explained that health insurance, vacation, worker's compensation and other expenses are now broken down into other line items. Employee benefits represents only state retirement contributions.

Mr. Cray clarified that the increase in salaries and wages represented raises and the new part-time clerical position.

Chief West explained that the part-time clerk would perform many functions. Reports have gone up 10 percent in the last year, generating more paperwork; the county attorney now wants transcripts of interviews; and Homeland Security wants all documents to be exchangeable electronically. It has become too much for the administrative assistant alone, plus, if that person is off, there is no one to fill in. Duties also include fingerprinting, notarizing, computerized records searches, filing and educational programs.

Mayor Dyson asked if there was Homeland Security money available for this. Not for payroll, but Homeland Security funds are saving the town a great deal in other areas, including \$75,000 for a GIS system. He also reminded council this was originally a full-time position to be shared among departments.

Vice Mayor Nedrow asked about overtime. Calls have increased, but not to the level of hiring an additional officer, Chief West said, therefore, some overtime is necessary.

Mayor Dyson said that was likely to drop when construction ends. Chief West said Springerville is targeted as a growth center for the next three years. Mr. Garms noted that the White Mountains were identified as one of the top 10 emerging second homes market last year. Mayor Dyson said NACOG is predicting static growth because the town is fairly landlocked by state and federal lands.

Councilman Cray asked how the police budget fit into council's goals. Mr. Garms said basic services can't be ignored for goals. Chief West added that the goals reflect a 3-to-5-year plan. Councilman Hunt noted that "no deficit in infrastructure" is a goal and police protection is part of that.

Councilman Hunt also asked if the part-time person was solely due to the influx of temporary residents or increased police work and if the position is temporary or permanent. Chief West said it would probably become permanent as sharing documents becomes more prevalent.

Four (4) percent merit increases were awarded last year because the former manager gave department allowed increments of 2 percent or 4 percent and his department was falling far behind other police agencies. Most department heads would prefer the discretion to award 1 percent increments where warranted.

Councilman Cray asked about fingerprinting. Chief West said teachers and child care workers are required to be fingerprinted periodically, as well as a variety of other entities. At one time, the department did not charge for this service and became inundated with requests. The fee is now \$1, which does not justify pulling an officer off the street.

Vice Mayor Nedrow questioned the increase in uniform allowances, especially as the full amount has not been used this year. Mr. Hamblin said the IRS considers such allowances to be income and the increase is to cover associated taxes. Chief West added that allowances are doled out through the year and most of the money will have been expended by July 1.

Vice Mayor Nedrow asked why general supplies was unchanged at \$10,600 when the department spent only \$2,900. Chief West said this represented a carryover from previous years and was being held in reserve to furnish the new police department facility. It also purchases taser cartridges and other supplies. He asked that it be left in place for now.

Mayor Dyson noted that suggested reducing it to \$5,000. Since office supplies was budgeted for \$5,000 but only \$3,000 was used, the overage could be transferred. Councilman Cray agreed, as did Vice Mayor Nedrow.

Mayor Dyson also asked about travel and training. At \$9,000 is not enough for more than mandatory training for 10 employees, Chief West said.

Councilman Cray asked if the printing and publications line item would be enough for the added part-time employee. Chief West said yes.

Mayor Dyson questioned the vehicles. Mr. Garms reiterated that all equipment purchases are contingency items.

Fire

Mayor Dyson asked Chief Sadler why general supplies was increasing from \$7,000 to \$9,000. Chief Sadler said new training tables and chairs were needed and that most of his department's other supplies came from this fund as well.

Councilman Cray asked if furniture was a capital expense. Mr. Hamblin said only if it exceeds \$2,000.

Councilman Cray also asked about vehicle maintenance. Mr. Hamblin said all maintenance was previously budgeted under public works. Now it is divided among the various departments based on use.

Chief Sadler said his contingencies called for replacing 10 sets of turnout gear; replacing a 15-year-old skid pump for grass fires; and replacing hose, which was not done last year.

Health and Sanitation

No discussion.

Airport

No discussion.

Building Maintenance

Mr. Garms said this was now prorated among departments.

Mechanic Shop

No discussion.

Parks and Cemetery

Mayor Dyson asked about contractual services. Mr. Malone said that included inmates, dumpsters and portapotties.

Councilman Cray questioned general supplies. Mr. Malone said that includes a new sprinkler and other equipment.

Mr. Garms noted that general supplies are based on money management, but that a worst-case must be considered.

Councilman Baca asked about the increase in salaries and wages. Mr. Malone said that represents a crossover as one employee leaves and another comes on board, plus cross-training among employees. Mr. Garms added that it also includes some temporary workers.

In contingencies, \$10,000 was budgeted for a bathroom, which would be a large outlay, but could save money in the long run over renting portapotties. Mayor Dyson suggested applying for a state parks grant to build a bathroom.

Casa Malpais

Vice Mayor Nedrow asked why there was a \$34,000 discrepancy in salaries and wages. Ms. Uhl said she was not involved in the budgeting process last year. Mr. Garms said he believes it was an error as there have been no changes in hours worked.

Mr. Hamblin said the underage in contractual services represented an archaeologist that was never hired. The remainder was for trash service and a copier. Ms. Uhl said the Casa uses the chamber copier.

Councilman Hunt said tour revenue of \$16,000 represented only about 7 people per day. Mayor Dyson said there is more than tours involved, there is gift shop sales, the museum and the visitor center.

Councilman Hunt said privatization might not be feasible but he felt the Casa was not a source of revenue at all. Mr. Garms said no government service makes money, but the town invested in the site to make it a destination that would keep visitors in town to patronize local shops, restaurants and motels.

Chief West noted that volunteer tour guides were used in the past but were not reliable.

Councilman Hunt asked if there was any documentation regarding the economic benefits associated with operating the Casa. Ms. Uhl said the visitor center averages 1,000 visitors a month, most of whom can be counted on staying for a meal and buying gas. Visitor center staff are encouraging people to stay overnight or longer. Ms. Uhl said she could start tracking that effort more carefully. Councilman Hunt said he felt the town is spending \$96,000 a year with no idea of the benefit from sales tax. Ms. Bogardus said it is short-sighted to look at sales tax alone, as visitors represent new dollars in the community that will then turn over.

Mr. Hamblin said salaries actually total \$55,000 because half of Mrs. Gerres' salary comes from the chamber.

Public Works

Mr. Malone said public works is negligible because it only accounts for items that don't fit in any other area.

Old School

Mr. Garms said this is being renamed the Town Hall Remodel to more accurately reflects what is being done. The building improvements line item represents the creation of town offices in the rear.

HURF

Vice Mayor Nedrow asked if HURF monies could be used for sidewalks in Susie Subdivision. Mr. Garms said it would be. He suggested putting the \$20,000 surplus in road maintenance for general purposes. It could then be used for curbs, sidewalks, paving or other work. If staff wanted to use the money to buy equipment instead, the item will come back to council for approval.

Mr. Cray asked if HURF could be used to match the CDBG (Community Development Block Grant) improvements to Maricopa. Mr. Hamblin said it could.

Mrs. Pinckard noted that LTAF Powerball monies were incorrectly included in HURF revenue. Mr. Hamblin said he would make the change but it would not affect the bottom line because the money had been credited correctly.

Mr. Garms said \$50,000 was budgeted for a roller that will be paid for with HURF money.

Senior Center

Mrs. Pinckard said the biggest cut is in EFSP and that payments would be reduced accordingly.

Mayor Dyson asked where this was reflected in the revenue. Mrs. Pinckard said grant revenue was on the first page and the expenses were on the next.

Councilman Cray complimented Mrs. Pinckard for always presenting a balanced budget.

CDBG

Mr. Hamblin said this item would be zero because the town is between funding cycles.

Water and Sewer

Mr. Garms said enterprise funds should pay for themselves. Currently there is a slight surplus in the water fund that offsets part of the deficit in the sewer department for an overall shortfall of about \$80,000. Council should look at other revenue options, but an election year is not the best time to do this.

Firefighters Pension

Mr. Hamblin said the contributions are actually paid out of fire department wages, but the cost of administration was in the pension account.

Contingencies

Mr. Garms said these items were wanted and needed but would not be purchased unless monies were available and could be discussed further during the next budget workshop to be held at 6 p.m. Wednesday, June 29.

3. Adjournment:

Pete Hunt/Mary Nedrow motion to adjourn the meeting at 8:57 p.m.

Vote:	Ayes:	Kay Dyson
		Mary Nedrow
		Scott Cray
		Pete Hunt
		Mary Nedrow

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Kay Dyson, Mayor

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Valentina Cordova, Town Clerk

I hereby certify that the foregoing is a true and correct copy of the minutes of the Springerville Town Council budget workshop on Wednesday, May 22, 2005. I further certify that the meeting was duly called and a quorum was present.

Dated this 6<sup>th</sup> day of July, 2005

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Valentina Cordova, Town Clerk